



**OSAGE COUNTY, MISSOURI  
TWO YEARS ENDED DECEMBER 31, 2001**

**From The Office Of State Auditor  
Claire McCaskill**

**Report No. 2002-57  
August 13, 2002  
[www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

# AUDIT REPORT



Office Of The  
State Auditor Of Missouri  
Claire McCaskill

August 2002

**IMPORTANT:** The Missouri State Auditor is required by Missouri law to conduct audits only once every four years in counties, like Osage, which do not have a county auditor. However, to assist such counties in meeting federal audit requirements, the State Auditor will also provide a financial and compliance audit of various county operating funds every two years. This voluntary service to Missouri counties can only be provided when state auditing resources are available and it does not interfere with the State Auditor's constitutional responsibility of auditing state government.

Once every four years, the State Auditor's statutory audit will cover additional areas of county operations, as well as the elected county officials, as required by Missouri's Constitution.

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This audit of Osage County included additional areas of county operations, as well as the elected county officials. The following concerns were noted as part of the audit:

- The county has not established cash management procedures to ensure the minimum time elapses between its receipt of federal project monies and the distribution of such monies to contractors.
- Formal budgets were not prepared for some county funds and disbursements were made in excess of approved budgets for various funds. Additionally, the county's annual published financial statements did not include the financial activity of some funds.
- Bids were not always solicited, nor bid documentation always retained for various purchases made by the county.
- On May 15, 2001, the Missouri Supreme Court handed down an opinion that holds that all raises given pursuant to Section 50.333.13 RSMo, are unconstitutional. Based on the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$8,000 should be repaid.
- Time records are not prepared by full-time employees of the Sheriff's Department. Records of annual leave, sick leave, and compensatory time balances are not centrally maintained. The County Commission has not established written personnel policies regarding vacation and sick leave, compensatory time and overtime for Sheriff's Department employees.

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YELLOW SHEET

- Several weaknesses were identified in the offices of the Sheriff and the Prosecuting Attorney, including segregation of duties, receipts not deposited on a timely basis, and old outstanding checks.

The audit also includes some recommendations to improve general fixed assets, property tax system and computer controls, County Treasurer's procedures, Public Administrator's procedures, and County Collector's procedures.

**All reports are available on our website: [www.auditor.state.mo.us](http://www.auditor.state.mo.us)**

OSAGE COUNTY, MISSOURI

TABLE OF CONTENTS

Page

---

FINANCIAL SECTION

---

State Auditor's Reports:

2-6

Financial Statements and Supplementary Schedule of Expenditures  
of Federal Awards

3-4

Compliance and Internal Control Over Financial Reporting Based on  
an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards*

5-6

Financial Statements:

7-14

Exhibit

Description

A-1

Statement of Receipts, Disbursements, and  
Changes in Cash - Various Funds  
Year Ended December 31, 2001

8

A-2

Year Ended December 31, 2000

9

B

Comparative Statement of Receipts, Disbursements,  
and Changes in Cash - Budget and Actual - Various Funds,  
Years Ended December 31, 2001 and 2000

10-14

Notes to the Financial Statements

15-18

Supplementary Schedule:

19

Schedule of Expenditures of Federal Awards, Years Ended  
December 31, 2001 and 2000

20

Notes to the Supplementary Schedule

21-23

---

FEDERAL AWARDS - SINGLE AUDIT SECTION

---

State Auditor's Report:

25-27

Compliance With Requirements Applicable to Each Major Program and  
Internal Control Over Compliance in Accordance With OMB Circular A-133

26-27

OSAGE COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<hr/> <b>FEDERAL AWARDS - SINGLE AUDIT SECTION</b> <hr/>	
Schedule:.....	28-30
Schedule of Findings and Questioned Costs (Including Management's Plan for Corrective Action), Years Ended December 31, 2001 and 2000.....	29
Section I - Summary of Auditor's Results .....	29
Section II - Financial Statement Findings .....	30
Section III - Federal Award Findings and Questioned Costs .....	30
<u>Number</u>	<u>Description</u>
01-1. Cash Management.....	30
Follow-Up on Prior Audit Findings for an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	31-32
Summary Schedule of Prior Audit Findings in Accordance With OMB Circular A-133 .....	33-34
<hr/> <b>MANAGEMENT ADVISORY REPORT SECTION</b> <hr/>	
Management Advisory Report - State Auditor's Findings .....	35-53
<u>Number</u>	
1. Budgetary Practices and Financial Statements .....	38
2. County Expenditures .....	40
3. Associate Commissioners Salaries .....	41
4. Fixed Assets .....	41
5. Personnel Policies and Procedures.....	43
6. Property Tax System and Computer Controls .....	44
7. County Treasurer's Accounting Controls and Procedures .....	46
8. Public Administrator's Procedures .....	47
9. Sheriff's Accounting Controls and Procedures .....	49
10. County Collector's Accounting Controls and Procedures .....	51
11. Prosecuting Attorney's Accounting Controls and Procedures .....	52
Follow-Up on Prior Audit Findings .....	54-61

OSAGE COUNTY, MISSOURI

TABLE OF CONTENTS

	<u>Page</u>
<u>STATISTICAL SECTION</u>	
History, Organization, and Statistical Information .....	63-68

## FINANCIAL SECTION

## State Auditor's Reports



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENTS AND SUPPLEMENTARY SCHEDULE OF  
EXPENDITURES OF FEDERAL AWARDS**

To the County Commission  
and  
Officeholders of Osage County, Missouri

We have audited the accompanying special-purpose financial statements of various funds of Osage County, Missouri, as of and for the years ended December 31, 2001 and 2000, as identified in the table of contents. These special-purpose financial statements are the responsibility of the county's management. Our responsibility is to express an opinion on these special-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying special-purpose financial statements were prepared for the purpose of presenting the receipts, disbursements, and changes in cash of various funds of Osage County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county and are not intended to be a complete presentation of the financial position and results of operations of those funds or of Osage County.

In our opinion, the special-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the receipts, disbursements, and changes in cash of various funds of Osage County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county as of and for the years ended December 31, 2001 and 2000, in conformity with the comprehensive basis of accounting discussed in Note 1, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated April 5, 2002, on our consideration of the county's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the special-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the special-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the special-purpose financial statements taken as a whole.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the management of Osage County, Missouri, and was not subjected to the auditing procedures applied in the audit of the special-purpose financial statements referred to above.



Claire McCaskill  
State Auditor

April 5, 2002 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Thomas J. Kremer, CPA
Audit Manager:	Randall Gordon, CPA
In-Charge Auditor:	Heather Thompson
Audit Staff:	Norma Payne
	Gek Mui Melinda Tan



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission  
and  
Officeholders of Osage County, Missouri

We have audited the special-purpose financial statements of various funds of Osage County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 5, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the special-purpose financial statements of various funds of Osage County, Missouri, are free of material misstatement, we performed tests of the county's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which are described in the accompanying Management Advisory Report.

Internal Control Over Financial Reporting

In planning and performing our audit of the special-purpose financial statements of various funds of Osage County, Missouri, we considered the county's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the special-purpose financial statements and not to provide assurance on the internal control over

financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the special-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which are described in the accompanying Management Advisory Report.

This report is intended for the information of the management of Osage County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, reading "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" and last name "McCaskill" clearly distinguishable.

Claire McCaskill  
State Auditor

April 5, 2002 (fieldwork completion date)

## Financial Statements

Exhibit A-1

OSAGE COUNTY, MISSOURI  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
YEAR ENDED DECEMBER 31, 2001

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 155,673	938,937	1,006,405	88,205
Special Road and Bridge	119,479	1,062,664	1,020,719	161,424
Assessment	8,376	128,233	134,973	1,636
Law Enforcement Training	4,030	1,851	1,518	4,363
Prosecuting Attorney Training	277	426	487	216
Emergency Management	82,775	17,414	43,754	56,435
Prosecuting Attorney Bad Check	13,722	13,022	5,283	21,461
Law Enforcement Equipment	1,161	0	1,161	0
Collector	1,193	1,848	2,142	899
Sheriff	9,053	5,900	6,210	8,743
Family Court	4,560	2,395	1,075	5,880
Recorder's User Fee	6,061	7,791	3,201	10,651
911	0	267,801	14,152	253,649
Law Library	1,037	3,520	3,211	1,346
Circuit Clerk Interest	4,905	762	708	4,959
Use Tax	59,191	1,441	37,734	22,898
Domestic Violence	250	451	250	451
Prosecuting Attorney Delinquent Tax	200	1,080	1,276	4
Elevator	0	68,152	68,152	0
Associate Circuit Division Interest	654	399	0	1,053
Total	\$ 472,597	2,524,087	2,352,411	644,273

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit A-2

OSAGE COUNTY, MISSOURI  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - VARIOUS FUNDS  
 YEAR ENDED DECEMBER 31, 2000

Fund	Cash, January 1	Receipts	Disbursements	Cash, December 31
General Revenue	\$ 130,789	959,158	934,274	155,673
Special Road and Bridge	237,500	929,262	1,047,283	119,479
Assessment	6,680	114,799	113,103	8,376
Law Enforcement Training	3,640	1,818	1,428	4,030
Prosecuting Attorney Training	345	455	523	277
Emergency Management	38,739	82,121	38,085	82,775
Prosecuting Attorney Bad Check	13,021	12,164	11,463	13,722
Law Enforcement Equipment	1,136	25	0	1,161
Collector	854	2,007	1,668	1,193
Sheriff	3,952	8,280	3,179	9,053
Family Court	1,320	3,265	25	4,560
Recorder's User Fee	3,108	4,872	1,919	6,061
Law Library	304	2,780	2,047	1,037
Circuit Clerk Interest	6,407	808	2,310	4,905
Use Tax	73,216	2,151	16,176	59,191
Domestic Violence	335	300	385	250
Prosecuting Attorney Delinquent Tax	303	2,349	2,452	200
Elevator	0	208,477	208,477	0
Associate Circuit Division Interest	443	211	0	654
Total	\$ 522,092	2,335,302	2,384,797	472,597

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Exhibit B

## OSAGE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>TOTALS - VARIOUS FUNDS</b>						
RECEIPTS	\$ 2,374,975	2,452,564	77,589	2,095,964	2,118,226	22,262
DISBURSEMENTS	2,328,978	2,244,999	83,979	2,437,732	2,152,950	284,782
RECEIPTS OVER (UNDER) DISBURSEMENTS	45,997	207,565	161,568	(341,768)	(34,724)	307,044
CASH, JANUARY 1	412,949	412,302	(647)	441,084	441,084	0
CASH, DECEMBER 31	458,946	619,867	160,921	99,316	406,360	307,044
<b>GENERAL REVENUE FUND</b>						
RECEIPTS						
Property taxes	188,150	192,198	4,048	174,800	177,306	2,506
Sales taxes	400,000	406,099	6,099	385,000	410,111	25,111
Intergovernmental	73,714	86,028	12,314	75,419	70,522	(4,897)
Charges for services	189,800	187,035	(2,765)	174,000	198,954	24,954
Interest	18,000	14,025	(3,975)	14,000	18,572	4,572
Other	15,750	14,459	(1,291)	13,659	19,668	6,009
Transfers In	24,950	39,093	14,143	39,300	64,025	24,725
Total Receipts	910,364	938,937	28,573	876,178	959,158	82,980
DISBURSEMENTS						
County Commission	68,106	70,013	(1,907)	68,247	68,247	0
County Clerk	60,930	60,379	551	59,815	59,615	200
Elections	9,700	9,227	473	44,368	44,368	0
Buildings and grounds	54,275	55,648	(1,373)	43,490	37,780	5,710
Employee fringe benefits	61,500	68,041	(6,541)	59,500	56,511	2,989
County Treasurer	25,487	24,968	519	26,427	26,050	377
County Collector	62,874	65,956	(3,082)	58,048	57,631	417
Ex Officio Recorder of Deeds	32,145	27,808	4,337	34,165	29,723	4,442
Associate Circuit Court	13,000	7,799	5,201	10,500	6,236	4,264
Court administration	500	0	500	250	0	250
Public Administrator	14,510	13,679	831	8,054	8,054	0
Sheriff	291,557	313,912	(22,355)	277,612	277,681	(69)
Jail	67,579	46,578	21,001	68,018	68,018	0
Prosecuting Attorney	85,917	90,100	(4,183)	83,849	83,849	0
Juvenile Officer	29,000	27,852	1,148	36,200	28,501	7,699
County Coroner	13,635	11,743	1,892	11,370	9,905	1,465
Other General County Government	60,285	76,067	(15,782)	60,579	51,500	9,079
Public Defender	1,791	1,791	0	1,558	1,791	(233)
Public health and welfare services	30,000	30,000	0	13,970	13,970	0
Transfers out	3,753	4,844	(1,091)	3,754	4,844	(1,090)
Emergency Fund	29,538	0	29,538	27,615	0	27,615
Total Disbursements	1,016,082	1,006,405	9,677	997,389	934,274	63,115
RECEIPTS OVER (UNDER) DISBURSEMENTS	(105,718)	(67,468)	38,250	(121,211)	24,884	146,095
CASH, JANUARY 1	155,673	155,673	0	130,789	130,789	0
CASH, DECEMBER 31	49,955	88,205	38,250	9,578	155,673	146,095

## Exhibit B

## OSAGE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>SPECIAL ROAD AND BRIDGE FUND</u></b>						
RECEIPTS						
Property taxes	230,000	231,093	1,093	180,300	222,494	42,194
Intergovernmental	741,010	781,007	39,997	774,784	658,343	(116,441)
Charges for services	5,000	150	(4,850)	2,700	3,525	825
Interest	7,000	7,229	229	12,000	12,113	113
Other	30,500	43,185	12,685	65,500	32,787	(32,713)
Total Receipts	1,013,510	1,062,664	49,154	1,035,284	929,262	(106,022)
DISBURSEMENTS						
Salaries	314,555	298,034	16,521	293,899	286,937	6,962
Employee fringe benefits	53,892	45,098	8,794	54,791	41,299	13,492
Supplies	153,175	135,665	17,510	132,150	138,938	(6,788)
Insurance	18,575	12,368	6,207	14,075	17,006	(2,931)
Road and bridge materials	200,000	139,778	60,222	200,000	226,776	(26,776)
Rentals	6,000	4,436	1,564	6,000	3,204	2,796
Equipment purchases	145,000	147,954	(2,954)	285,000	194,624	90,376
Construction, repair, and maintenance	184,310	217,222	(32,912)	225,183	99,154	126,029
Other	8,200	5,164	3,036	7,050	2,445	4,605
Transfers out	15,000	15,000	0	36,900	36,900	0
Total Disbursements	1,098,707	1,020,719	77,988	1,255,048	1,047,283	207,765
RECEIPTS OVER (UNDER) DISBURSEMENTS	(85,197)	41,945	127,142	(219,764)	(118,021)	101,743
CASH, JANUARY 1	119,479	119,479	0	237,500	237,500	0
CASH, DECEMBER 31	34,282	161,424	127,142	17,736	119,479	101,743
<b><u>ASSESSMENT FUND</u></b>						
RECEIPTS						
Intergovernmental	123,532	125,844	2,312	113,135	112,747	(388)
Charges for services	1,000	1,445	445	1,500	906	(594)
Interest	1,200	944	(256)	1,000	1,146	146
Total Receipts	125,732	128,233	2,501	115,635	114,799	(836)
DISBURSEMENTS						
Assessor	135,567	134,973	594	118,754	113,103	5,651
Total Disbursements	135,567	134,973	594	118,754	113,103	5,651
RECEIPTS OVER (UNDER) DISBURSEMENTS	(9,835)	(6,740)	3,095	(3,119)	1,696	4,815
CASH, JANUARY 1	8,376	8,376	0	6,680	6,680	0
CASH, DECEMBER 31	(1,459)	1,636	3,095	3,561	8,376	4,815
<b><u>LAW ENFORCEMENT TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	1,850	1,851	1	1,701	1,818	117
Total Receipts	1,850	1,851	1	1,701	1,818	117
DISBURSEMENTS						
Sheriff	1,900	1,518	382	2,000	1,428	572
Total Disbursements	1,900	1,518	382	2,000	1,428	572
RECEIPTS OVER (UNDER) DISBURSEMENTS	(50)	333	383	(299)	390	689
CASH, JANUARY 1	4,030	4,030	0	3,640	3,640	0
CASH, DECEMBER 31	3,980	4,363	383	3,341	4,030	689

## Exhibit B

## OSAGE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>PROSECUTING ATTORNEY TRAINING FUND</u></b>						
RECEIPTS						
Charges for services	500	426	(74)	970	455	(515)
Total Receipts	500	426	(74)	970	455	(515)
DISBURSEMENTS						
Prosecuting Attorney	525	487	38	1,000	523	477
Total Disbursements	525	487	38	1,000	523	477
RECEIPTS OVER (UNDER) DISBURSEMENTS	(25)	(61)	(36)	(30)	(68)	(38)
CASH, JANUARY 1	277	277	0	345	345	0
CASH, DECEMBER 31	252	216	(36)	315	277	(38)
<b><u>EMERGENCY MANAGEMENT FUND</u></b>						
RECEIPTS						
Intergovernmental	6,500	10,240	3,740	37,000	74,600	37,600
Interest	2,500	2,326	(174)	800	2,605	1,805
Other	0	4	4	195	72	(123)
Transfers In	4,844	4,844	0	4,844	4,844	0
Total Receipts	13,844	17,414	3,570	42,839	82,121	39,282
DISBURSEMENTS						
Salaries	14,539	15,038	(499)	11,896	12,599	(703)
Office expenditures	2,900	3,100	(200)	2,900	2,674	226
Equipment	2,050	1,145	905	4,516	2,007	2,509
Mileage and training	1,900	819	1,081	3,300	1,303	1,997
Other	7,575	4,559	3,016	420	409	11
Transfers out	19,093	19,093	0	19,093	19,093	0
Total Disbursements	48,057	43,754	4,303	42,125	38,085	4,040
RECEIPTS OVER (UNDER) DISBURSEMENTS	(34,213)	(26,340)	7,873	714	44,036	43,322
CASH, JANUARY 1	82,775	82,775	0	38,739	38,739	0
CASH, DECEMBER 31	48,562	56,435	7,873	39,453	82,775	43,322
<b><u>PROSECUTING ATTORNEY BAD CHECK FUND</u></b>						
RECEIPTS						
Charges for services	12,000	12,482	482	9,200	11,394	2,194
Interest	350	540	190	301	770	469
Total Receipts	12,350	13,022	672	9,501	12,164	2,663
DISBURSEMENTS						
Prosecuting Attorney	9,950	283	9,667	9,000	3,431	5,569
Transfers out	0	5,000	(5,000)	0	8,032	(8,032)
Total Disbursements	9,950	5,283	4,667	9,000	11,463	(2,463)
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,400	7,739	5,339	501	701	200
CASH, JANUARY 1	13,722	13,722	0	13,021	13,021	0
CASH, DECEMBER 31	16,122	21,461	5,339	13,522	13,722	200

## Exhibit B

## OSAGE COUNTY, MISSOURI

## COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>LAW ENFORCEMENT EQUIPMENT FUND</u></b>						
RECEIPTS						
Donations	0	0	0	375	25	(350)
Total Receipts	0	0	0	375	25	(350)
DISBURSEMENTS						
Equipment	0	1,161	(1,161)	500	0	500
Total Disbursements	0	1,161	(1,161)	500	0	500
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	(1,161)	(1,161)	(125)	25	150
CASH, JANUARY 1	1,161	1,161	0	1,136	1,136	0
CASH, DECEMBER 31	1,161	0	(1,161)	1,011	1,161	150
<b><u>COLLECTOR FUND</u></b>						
RECEIPTS						
Charges for services	2,000	1,848	(152)	1,900	2,007	107
Total Receipts	2,000	1,848	(152)	1,900	2,007	107
DISBURSEMENTS						
County Collector	2,150	2,142	8	2,215	1,668	547
Total Disbursements	2,150	2,142	8	2,215	1,668	547
RECEIPTS OVER (UNDER) DISBURSEMENTS	(150)	(294)	(144)	(315)	339	654
CASH, JANUARY 1	1,193	1,193	0	854	854	0
CASH, DECEMBER 31	1,043	899	(144)	539	1,193	654
<b><u>SHERIFF FUND</u></b>						
RECEIPTS						
Charges for services	8,300	5,900	(2,400)	5,000	8,280	3,280
Total Receipts	8,300	5,900	(2,400)	5,000	8,280	3,280
DISBURSEMENTS						
Sheriff	6,000	6,210	(210)	5,001	3,179	1,822
Total Disbursements	6,000	6,210	(210)	5,001	3,179	1,822
RECEIPTS OVER (UNDER) DISBURSEMENTS	2,300	(310)	(2,610)	(1)	5,101	5,102
CASH, JANUARY 1	9,053	9,053	0	3,952	3,952	0
CASH, DECEMBER 31	11,353	8,743	(2,610)	3,951	9,053	5,102
<b><u>FAMILY COURT FUND</u></b>						
RECEIPTS						
Charges for services	3,400	2,395	(1,005)	1,080	3,265	2,185
Total Receipts	3,400	2,395	(1,005)	1,080	3,265	2,185
DISBURSEMENTS						
Other	3,400	1,075	2,325	2,400	25	2,375
Total Disbursements	3,400	1,075	2,325	2,400	25	2,375
RECEIPTS OVER (UNDER) DISBURSEMENTS	0	1,320	1,320	(1,320)	3,240	4,560
CASH, JANUARY 1	4,560	4,560	0	1,320	1,320	0
CASH, DECEMBER 31	4,560	5,880	1,320	0	4,560	4,560

## Exhibit B

OSAGE COUNTY, MISSOURI  
COMPARATIVE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH - BUDGET AND ACTUAL - VARIOUS FUNDS

	Year Ended December 31,					
	2001			2000		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>RECORDER'S USER FEE FUND</u></b>						
RECEIPTS						
Charges for services	4,700	7,791	3,091	5,501	4,872	(629)
Total Receipts	4,700	7,791	3,091	5,501	4,872	(629)
DISBURSEMENTS						
Ex Officio Recorder of Deeds	3,320	3,201	119	2,300	1,919	381
Total Disbursements	3,320	3,201	119	2,300	1,919	381
RECEIPTS OVER (UNDER) DISBURSEMENTS	1,380	4,590	3,210	3,201	2,953	(248)
CASH, JANUARY 1	6,061	6,061	0	3,108	3,108	0
CASH, DECEMBER 31	7,441	10,651	3,210	6,309	6,061	(248)
<b><u>911 FUND</u></b>						
RECEIPTS						
Sales taxes	275,000	267,801	(7,199)			
Total Receipts	275,000	267,801	(7,199)			
DISBURSEMENTS						
911 Department	0	14,152	(14,152)			
Total Disbursements	0	14,152	(14,152)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	275,000	253,649	(21,351)			
CASH, JANUARY 1	0	0	0			
CASH, DECEMBER 31	275,000	253,649	(21,351)			
<b><u>LAW LIBRARY FUND</u></b>						
RECEIPTS						
Charges for services	2,800	3,520	720			
Total Receipts	2,800	3,520	720			
DISBURSEMENTS						
Prosecuting Attorney	2,400	3,211	(811)			
Total Disbursements	2,400	3,211	(811)			
RECEIPTS OVER (UNDER) DISBURSEMENTS	400	309	(91)			
CASH, JANUARY 1	1,048	1,037	(11)			
CASH, DECEMBER 31	1,448	1,346	(102)			
<b><u>CIRCUIT CLERK INTEREST FUND</u></b>						
RECEIPTS						
Interest	625	762	137			
Total Receipts	625	762	137			
DISBURSEMENTS						
Circuit Clerk	920	708	212			
Total Disbursements	920	708	212			
RECEIPTS OVER (UNDER) DISBURSEMENTS	(295)	54	349			
CASH, JANUARY 1	5,541	4,905	(636)			
CASH, DECEMBER 31	\$ 5,246	4,959	(287)			

The accompanying Notes to the Financial Statements are an integral part of this statement.

## Notes to the Financial Statements

OSAGE COUNTY, MISSOURI  
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Reporting Entity and Basis of Presentation

The accompanying special-purpose financial statements present the receipts, disbursements, and changes in cash of various funds of Osage County, Missouri, and comparisons of such information with the corresponding budgeted information for various funds of the county. The funds presented are established under statutory or administrative authority, and their operations are under the control of the County Commission or an elected county official. The General Revenue Fund is the county's general operating fund, accounting for all financial resources except those required to be accounted for in another fund. The other funds presented account for financial resources whose use is restricted for specified purposes.

B. Basis of Accounting

The financial statements are prepared on the cash basis of accounting; accordingly, amounts are recognized when received or disbursed in cash. This basis of accounting differs from accounting principles generally accepted in the United States of America. Those principles require revenues to be recognized when they become available and measurable or when they are earned and expenditures or expenses to be recognized when the related liabilities are incurred.

C. Budgets and Budgetary Practices

The County Commission and other applicable boards are responsible for the preparation and approval of budgets for various county funds in accordance with Sections 50.525 through 50.745, RSMo 2000, the county budget law. These budgets are adopted on the cash basis of accounting.

Although adoption of a formal budget is required by law, the county did not adopt formal budgets for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Use Tax Fund	2001 and 2000
Domestic Violence Fund	2001 and 2000
Prosecuting Attorney Delinquent Tax Fund	2001 and 2000
Elevator Fund	2001 and 2000
Associate Circuit Division Interest Fund	2001 and 2000
Law Library Fund	2000
Circuit Clerk Interest Fund	2000

Warrants issued were in excess of budgeted amounts for the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Law Enforcement Equipment Fund	2001
Sheriff Fund	2001
911 Fund	2001
Law Library Fund	2001
Prosecuting Attorney Bad Check Fund	2000

Section 50.740, RSMo 2000, prohibits expenditures in excess of the approved budgets.

D. Published Financial Statements

Under Sections 50.800 and 50.810, RSMo 2000, the County Commission is responsible for preparing and publishing in a local newspaper a detailed annual financial statement for the county. The financial statement is required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for each fund.

However, the county's published financial statements did not include the following funds:

<u>Fund</u>	<u>Years Ended December 31,</u>
Use Tax Fund	2001 and 2000
Domestic Violence Fund	2001 and 2000
Prosecuting Attorney Delinquent Tax Fund	2001 and 2000
Elevator Fund	2001 and 2000
Associate Circuit Division Interest Fund	2001 and 2000
Family Court Fund	2001
Law Library Fund	2000
Circuit Clerk Interest Fund	2000

2. Cash

Section 110.270, RSMo 2000, based on Article IV, Section 15, Missouri Constitution, authorizes counties to place their funds, either outright or by repurchase agreement, in U.S. Treasury and agency obligations. In addition, Section 30.950, RSMo 2000, requires political subdivisions with authority to invest in instruments other than depositary accounts at financial institutions to adopt a written investment policy. Among other things, the policy is to commit a political subdivision to the principles of safety, liquidity, and yield (in that order) when managing public funds and to prohibit purchase of derivatives (either directly or through repurchase agreements), use of leveraging (through either reverse repurchase

agreements or other methods), and use of public funds for speculation. The county has not adopted such a policy.

In accordance with Statement No. 3 of the Governmental Accounting Standards Board, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements*, disclosures are provided below regarding the risk of potential loss of cash deposits. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions.

The county's deposits at December 31, 2001 and 2000, were entirely covered by federal depositary insurance or by collateral securities held by the county's custodial bank in the county's name.

## Supplementary Schedule

## Schedule

OSAGE COUNTY, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal CFDA Number	Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Identifying Number	Federal Expenditures	
			Year Ended December 31,	
			2001	2000
	U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
	Passed through state Department of Economic Development -			
14.228	Community Development Block Grants/State's Program	99-PF-21	\$ 30,418	192,697
	U.S. DEPARTMENT OF JUSTICE			
	Direct programs:			
16.727	Enforcing Underage Drinking Laws Program	N/A	1,265	0
	Missouri Sheriffs' Association -			
16.unknown	Domestic Cannabis Eradication/Suppression Program	N/A	919	0
	U. S. DEPARTMENT OF TRANSPORTATION			
	Passed through state:			
	Highway and Transportation Commission -			
20.205	Highway Planning and Construction	BRO-076(8)	216,222	99,154
	Department of Public Safety -			
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	N/A	2,228	1,735
	GENERAL SERVICES ADMINISTRATION			
	Passed through state Office of Administration -			
39.003	Donation of Federal Surplus Personal Property	N/A	1,214	412
	FEDERAL EMERGENCY MANAGEMENT AGENCY			
	Passed through state Department of Public Safety -			
83.534	Emergency Management - State and Local Assistance	N/A	4,876	6,708
	U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
	Passed through state Department of Social Services -			
93.563	Child Support Enforcement	N/A	182	453
	Total Expenditures of Federal Awards		\$ 257,324	301,159

N/A - Not applicable

The accompanying Notes to the Supplementary Schedule are an integral part of this schedule.

Notes to the Supplementary Schedule

OSAGE COUNTY, MISSOURI  
NOTES TO THE SUPPLEMENTARY SCHEDULE

1. Summary of Significant Accounting Policies

A. Purpose of Schedule and Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Osage County, Missouri, except for the program accounted for in the Osage County Special Services Fund. Federal awards for that fund have been audited and separately reported on by other independent auditors for its year ended December 31, 2001.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

*Federal financial assistance* means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals . . . .

*Federal award* means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

C. Basis of Accounting

Except as noted below, the schedule is presented on the cash basis of accounting, which recognizes amounts only when disbursed in cash.

Amounts for the Donation of Federal Surplus Personal Property (CFDA number 39.003) represent the estimated fair market value of property at the time of receipt.

2. Subrecipients

The county provided no federal awards to subrecipients during the years ended December 31, 2001 and 2000.

FEDERAL AWARDS -  
SINGLE AUDIT SECTION

## State Auditor's Report



**CLAIRE C. McCASKILL**  
**Missouri State Auditor**

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the County Commission  
and  
Officeholders of Osage County, Missouri

Compliance

We have audited the compliance of Osage County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2001 and 2000. The county's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the county's management. Our responsibility is to express an opinion on the county's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the county's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the county's compliance with those requirements.

In our opinion, Osage County, Missouri, complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the years ended December 31, 2001 and 2000. However, the results of our auditing procedures disclosed an instance

of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

#### Internal Control Over Compliance

The management of Osage County, Missouri, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the county's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the county's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as finding number 01-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe that the reportable condition described above is a material weakness.

This report is intended for the information of the management of Osage County, Missouri; federal awarding agencies and pass-through entities; and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.



Claire McCaskill  
State Auditor

April 5, 2002 (fieldwork completion date)

Schedule

OSAGE COUNTY, MISSOURI  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(INCLUDING MANAGEMENT'S PLAN FOR CORRECTIVE ACTION)  
YEARS ENDED DECEMBER 31, 2001 AND 2000

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? \_\_\_\_\_ yes      x   no

Reportable conditions identified that are  
not considered to be material weaknesses? \_\_\_\_\_ yes      x   none reported

Noncompliance material to the financial statements  
noted? \_\_\_\_\_ yes      x   no

Federal Awards

Internal control over major program:

Material weaknesses identified? \_\_\_\_\_ yes      x   no

Reportable condition identified that is  
not considered to be a material weakness?   x   yes    \_\_\_\_\_ none reported

Type of auditor's report issued on compliance for  
major program: Unqualified

Any audit findings disclosed that are required to be  
reported in accordance with Section .510(a) of OMB  
Circular A-133?   x   yes    \_\_\_\_\_ no

Identification of major program:

CFDA or Other Identifying Number	<u>Program Title</u>
20.205	Highway Planning and Construction

\$300,000

\_\_\_\_\_ yes          x     no

Follow-Up on Prior Audit Findings for an  
Audit of Financial Statements Performed in Accordance  
With *Government Auditing Standards*

OSAGE COUNTY, MISSOURI  
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Osage County, Missouri, on the applicable finding in our prior audit report issued for the two years ended December 31, 1999.

Sales Tax

At December 31, 1999, the county had collected \$285,076 in excess property taxes by not adequately reducing property tax levies for sales tax revenues.

Recommendation:

The County Commission continue to ensure appropriate adjustments are made to the levy to reduce the amount of excess property taxes collected in prior years.

Status:

A lawsuit filed against the county on June 30, 1998 regarding the property tax rollback was resolved on October 4, 2001. The result of the lawsuit is the county agrees to roll back property taxes by \$7,000 for the 2002 tax year. In addition, the county agreed from tax year 2002 on to reduce its property tax levy equal to 50% of the estimated sales tax revenue to be collected in that year and in the event that in the immediately preceding year the county actually collects more or less sales tax revenue than estimated the county should adjust its property tax levy for the current year to reflect such increase or decrease.

Summary Schedule of Prior Audit Findings  
in Accordance With OMB Circular A-133

OSAGE COUNTY, MISSOURI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
IN ACCORDANCE WITH OMB CIRCULAR A-133

Section .315 of OMB Circular A-133 requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule also must include findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except those listed as corrected, no longer valid, or not warranting further action.

Section .500(e) of OMB Circular A-133 requires the auditor to follow up on these prior audit findings; to perform procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings; and to report, as a current year finding, when the auditor concludes that the schedule materially misrepresents the status of any prior findings.

This section represents the Summary Schedule of Prior Audit Findings, which was prepared by the county's management.

**Findings-Two Years Ending December 31, 1997**

**97-1. Federal Financial Assistance**

Federal Grantor:	U.S. Department of Transportation
Pass-Through Grantor:	Missouri Department of Transportation
Federal CFDA Number:	20.205
Program Title:	Highway Planning and Construction
Pass-Through Entity	
Identifying Number:	BRO 076(6)
Award Year:	1997
Questioned Costs:	\$34,559

- A.2. The county had not established cash management procedures to ensure that a minimum amount of time elapses between receipt of federal project monies and the disbursement of such monies to contractors.

**Recommendation:**

- A.2. The County Commission establish procedures to minimize the time elapsed between the receipt of federal monies and disbursement of such funds.

**Status:**

- A.2. Not implemented. See Finding Number 01-1.

## MANAGEMENT ADVISORY REPORT SECTION

Management Advisory Report -  
State Auditor's Findings

OSAGE COUNTY, MISSOURI  
MANAGEMENT ADVISORY REPORT -  
STATE AUDITOR'S FINDINGS

We have audited the special-purpose financial statements of various funds of Osage County, Missouri, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 5, 2002. We also have audited the compliance of Osage County, Missouri, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 5, 2002.

We also have audited the operations of elected officials with funds other than those presented in the special-purpose financial statements. As applicable, the objectives of this audit were to:

1. Determine the internal controls established over the transactions of the various county officials.
2. Review and evaluate certain other management practices for efficiency and effectiveness.
3. Review certain management practices and financial information for compliance with applicable legal provisions.

Our audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed accounting and bank records and other pertinent documents and interviewed various personnel of the county officials.

As part of our audit, we assessed the controls of the various county officials to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk.

Because the Osage County Special Services Board is audited and separately reported on by other independent auditors, the related fund is not presented in the special-purpose financial statements. However, we reviewed that audit report and other applicable information.

Our audit was limited to the specific matters described in the preceding paragraphs and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying Management Advisory Report presents our findings arising from our audit of the elected county officials referred to above. In addition, this report includes findings other than those, if any, reported in the accompanying Schedule of Findings and Questioned Costs. These findings resulted from our audit of the special-purpose financial statements of Osage County but do not meet the criteria for inclusion in the written reports on compliance and on internal control over financial reporting that is required for an audit performed in accordance with *Government Auditing Standards*.

1.	<b>Budgetary Practices and Financial Statements</b>
----	---

During our review of the county's budgetary practices, the following areas of concern were noted:

- A. Formal budgets were not prepared for various county funds for the two years ended December 31, 2001. Chapter 50, RSMo 2000, requires the preparation and filing of annual budgets for all county funds to present a complete financial plan for the ensuing year. By preparing or obtaining budgets for all county funds, the County Commission can evaluate all county financial resources more effectively.
- B. The county's annual published financial statements did not include the financial activity of some funds as required. Section 50.800, RSMo 2000, provides that the financial statements are required to show receipts or revenues, disbursements or expenditures, and beginning and ending balances for all county funds. For the published financial statements to adequately inform the citizens of the county's financial activities, all monies received and disbursed by the county should be included.
- C. Actual disbursements exceeded the budgeted amounts in various funds as follows:

Fund	Year Ended December 31,	
	2001	2000
Law Enforcement Equipment	1,161	N/A
Sheriff	210	N/A
911	14,152	N/A
Law Library	811	N/A
Prosecuting Attorney Bad Check	N/A	2,463

The County Commission indicated the budget is monitored by reviewing budget to actual amounts quarterly. However, this review was not sufficient to ensure actual disbursements did not exceed budget amounts. In addition, the General Revenue Fund budget was amended by \$14,000 on December 28, 2000 after disbursements in the General Revenue Fund had already exceeded budgeted amounts. Also, in 2001, the Assessment Fund budget was amended by \$5,790 but this amendment was not filed with the State Auditor's Office.

It was ruled in *State ex rel. Strong v. Cribb*, 364 Mo. 1122, 273 SW2d 246 (1954), that county officials are required to comply strictly with the county budget laws. If there are valid reasons which necessitate excess disbursements, budget amendments should be made following the same process by which the annual budget is approved, including holding public hearings and filing the amended budget with the State Auditor's office. In addition, Section 50.622, RSMo 2000, provides that counties may amend the annual budget during any year in which the county receives additional funds which could not be estimated when the budget was adopted and that the county shall follow the same procedures required for adoption of the annual budget to amend its budget.

Conditions A and B were noted in our prior report.

**WE RECOMMEND** the County Commission:

- A. Ensure budgets for all county funds are obtained or prepared.
- B. Ensure financial information for all county funds is properly reported in the annual published financial statements.
- C. Refrain from authorizing disbursements in excess of budgeted amounts. If valid reasons necessitate excess disbursements, the original budget should be formally amended and filed with the State Auditor's office. In addition, ensure budget amendments are made prior to incurring the actual expenditures as required by state law.

**AUDITEE'S RESPONSE**

- A. *The County Commission indicated that they will try to prepare budgets for all county funds for inclusion in the 2003 budget.*
- B. *The County Commission indicated that they will try to include all county funds in the published financial statements in the future.*
- C. *The County Commission indicated that they will file appropriate budgetary amendments with the State Auditor's office as soon as unanticipated expenses become known or measurable and prior to the disbursements being made and refrain from authorizing disbursements in excess of budgeted amounts.*

**2.****County Expenditures**

Bids were not always solicited, nor was bid documentation always retained for various purchases made by the county during the audit period. The County Commission indicated they solicit bids for purchases, but do not always maintain documentation. Examples of items purchased, for which bids were not solicited or advertised and adequate documentation could not be located were as follows:

Parts for Road and Bridge equipment	\$15,496
Steel beams for bridge repair	16,613
Doors for cells in the jail	5,053

In addition, although bids were obtained for some purchases, the county did not advertise for bids on these purchases as required by statute. For example, the county purchased rock base (cold mix, asphalt, etc.) for \$31,584 and a computer system for \$7,955 without properly advertising for bids. Section 50.660, RSMo 2000, requires the advertisement for bids for all purchases of \$4,500 or more from any one person, firm or corporation during any period of ninety days. Bidding procedures for major purchases provide a framework for economical management of county resources and help assure the county that it receives fair value by contracting with the lowest and best bidder. In addition, competitive bidding ensures all parties are given an equal opportunity to participate in county business.

Documentation of bids should include, at a minimum, a listing of vendors from whom bids were requested, a copy of the request proposal, newspaper publication notices, bids received, the basis and justification for awarding bids, and documentation of all discussions with vendors.

**WE RECOMMEND** the County Commission solicit bids for all purchases in accordance with state law and maintain adequate documentation of all bids obtained. If bids cannot be obtained and sole source procurement is necessary, the County Commission minutes should reflect the circumstances.

**AUDITEE'S RESPONSE**

*The County Commission indicated that they would attempt to do a better job obtaining and documenting bids and will indicate the reasons for the decisions made in the County Commission minutes in the future.*

**3.****Associate Commissioners Salaries**

Section 50.333.13, RSMo, enacted in 1997, allowed salary commissions meeting in 1997 to provide mid-term salary increases for associate county commissioners elected in 1996. The motivation behind this amendment was the fact that associate county commissioners' terms had been increased from two years to four years. Based on this statute, in 1999 Osage County's Associate County Commissioners salaries were each increased approximately \$4,000 yearly, according to information from the County Clerk.

On May 15, 2001, the Missouri Supreme Court handed down an opinion in a case that challenged the validity of that statute. The Supreme Court held that this section of statute violated Article VII, section 13 of the Missouri Constitution, which specifically prohibits an increase in compensation for state, county, and municipal officers during the term of office. This case, *Laclede County v. Douglass et al.*, holds that all raises given pursuant to this statute section are unconstitutional.

Based upon the Supreme Court decision, the raises given to each of the Associate County Commissioners, totaling approximately \$8,000 for the two years ended December 31, 2001, should be repaid. During January 2002, the County Commission voted to seek repayment of \$8,000 from the Associate Commissioner still in office. However, this amount has not been repaid. The other Associate Commissioner has since deceased; therefore, the County Commission has decided to not request repayment. In addition, in light of the ruling, any raises given to other officials within their term of office should be re-evaluated for propriety.

**WE RECOMMEND** the County Commission continue to follow up on their decision regarding the repayment of the salary overpayments to ensure the amount is repaid.

**AUDITEE'S RESPONSE**

*The Presiding Commissioner indicated that he would continue to pursue the collection of the salary overpayments. Associate Commissioner Luecke indicated that he does not intend to pay back these monies at this time because payback is not being required from the other Associate Commissioner.*

**4.****Fixed Assets**

The County Commission or its designee is responsible for maintaining a complete detailed record of county property. In addition, each county official or their designee is responsible for performing periodic inventories or inspections. Currently, the County Clerk maintains a computerized inventory listing of fixed assets held by county officials; however additions are not added to fixed asset records as they occur. In addition, the County Clerk does not periodically reconcile equipment purchases with additions to the fixed assets records. During

our review of county expenditures, we noted six of ten equipment purchases tested totaling approximately \$62,000 were not added to the listing. Performing this reconciliation would help ensure all purchases have been added to fixed asset records.

In addition, the county does not have formal procedures for disposing of county owned property. Written authorization is not consistently obtained from the County Commission. Currently, when an item is no longer needed or useful, the officeholder or department head will dispose of the property or place the item in storage without getting written approval from the County Commission. As a result, the County Commission and the County Clerk were not aware of the disposal and did not remove the item from the fixed asset records.

Adequate general fixed asset records are necessary to meet statutory requirements, secure better internal control over county property, and provide a basis for determining proper insurance coverage for county property.

Effective August 28, 1999, Section 49.093, RSMo 2000, provides the county officer of each county department shall annually inspect and inventory county property used by that department with an individual original value of \$250 or more and any property with an aggregate value of \$1,000 or more. After the first inventory is taken, an explanation of material changes shall be attached to subsequent inventories. All remaining property not inventoried by a particular department shall be inventoried by the county clerk. The reports required by this section shall be signed by the county clerk.

Similar conditions were noted in prior audit reports.

**WE AGAIN RECOMMEND** the County Commission establish a written policy related to the handling and accounting for fixed assets. Besides providing guidance on accounting and record keeping, the policy could include necessary definitions, address important dates, establish standardized forms and reports to be used, discuss procedures for the handling of asset disposition, and any other concerns associated with county property.

### **AUDITEE'S RESPONSE**

*The County Commission indicated that they would establish a policy regarding the handling and accounting for fixed assets and distribute the policy to the other county officials.*

**5.****Personnel Policies and Procedures**

- A. Time records are not prepared by full-time employees of the Sheriff's Department. The Sheriff indicated that maintaining time records would be too difficult for the deputies due to the sporadic work hours with deputies being on call status and may have to respond to emergencies after regular work hours. Time records should be submitted to the County Clerk's office by all employees to provide supporting documentation and additional assurance to the County Commission that payroll disbursements are valid and proper.

Time records are necessary to document hours worked and provide the County Commission with a method to monitor hours worked and ensure the related compensation is reasonable.

Similar conditions were noted in our five prior reports.

- B. Records of annual leave, sick leave, and compensatory time balances are not centrally maintained. Leave records for the Sheriff department's employees are maintained by the Sheriff and are not submitted to the County Clerk. In addition, these records do not record compensatory time balances since timesheets are not maintained.

Centralized records help ensure that the employees' vacation leave, sick leave, and overtime records are accurate and comply with county policy, better document compliance with the Fair Labor Standards Act (FLSA), and aid in determining final pay for employees leaving county employment.

A similar condition was noted in our prior report.

- C. The County Commission has not established written personnel policies regarding vacation and sick leave, compensatory time and overtime for Sheriff Department's employees. In addition, Sheriff's deputies were not compensated for overtime worked. Although the Sheriff's deputies do not prepare timesheets, the Sheriff indicated that the Sheriff's deputies generally work a standard 40 hour week; however, they are also on-call and must respond to emergency situations as they arise. Therefore, the Sheriff indicated that the deputies may work over 171 hours in a 28 day period and are not compensated for these hours as required by the FLSA. The Sheriff's department employees are always compensated for only 40 hours worked even if they work in excess of this amount because timesheets are not prepared.

Complete and detailed written policies are necessary to provide guidance to county employees and provide a basis for proper compensation. In addition, such policies should be uniformly applied to ensure each employee is treated equitably.

**WE RECOMMEND** the County Commission:

- A. Require the Sheriff's deputies to submit time records approved by their supervisor to the County Clerk.
- B. Require the County Clerk to maintain centralized records of leave earned, used, and accumulated for all county employees including the Sheriff's department.
- C. Establish written personnel policies regarding vacation and sick leave, compensatory time, and overtime for Sheriff's Department employees.

**AUDITEE'S RESPONSE**

- A. *The County Commission indicated that they would work with the Sheriff to establish a policy requiring the Sheriff's Deputies to submit timesheets to the County Clerk's office. The County Commission indicated that they would contact other counties to determine how Sheriff's Deputies submit timesheets in other counties.*
- B. *The County Commission indicated that the policy would also require the Sheriff's department employees to submit leave records to the County Clerk's office on a monthly basis.*
- C. *The County Commission indicated that they would discuss this matter with the Sheriff.*

<b>6. Property Tax System and Computer Controls</b>
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The county's assessment lists and tax books are maintained on a computerized property tax system. The County Assessor is responsible for entering the assessed valuation data. The County Collector enters the tax rates and extends and prints the tax books. The County Clerk reviews and approves the tax books by footing on a test basis the subtotals and totals in the printed tax books. In our review of the controls relating to the property tax computer system, we noted the following concerns:

- A. The County Clerk does not maintain an account book with the County Collector. The only review performed of the County Collector's annual settlement is totaling disbursements from the monthly settlements and agreeing to the annual settlement. However, this review is not documented. An account book would summarize all taxes being charged to the County Collector, monthly collections, delinquent credits, abatements and additions, and protested amounts. These amounts could then be verified by the County Clerk from aggregate abstracts, tax books, court orders, monthly collection reports, and totals of all charges and credits. A complete account book would enable the County Clerk to ensure the amount of taxes charged and credited to the County Collector each year is complete and accurate and could also be used by the County Commission to verify the County Collector's annual settlement.

Some of these records and controls are also required by various sections of state law, which are intended to establish some checks and balances related to the collection of property taxes. In addition, these conditions have been noted in our prior two audit reports and, although the County Commission indicated that they would consider possible changes, no action has been taken.

- B. The County Assessor's office is responsible for entering property tax addition and abatement information into the property tax system. While a listing of additions and abatements is printed and submitted to the County Clerk's office for the County Commissioners' approval, there is no independent and subsequent comparison of additions and abatements approved by the County Commission to actual changes to the property tax books.

Section 137.260, RSMo 2000, requires that the tax books only be changed by the clerk of the county commission under order of the county commission. Controls should be established so that the County Clerk maintains a file of all additions and abatements that are provided to the County Collector by the County Assessor and periodically reconciles this information to changes made to the property tax data.

- C Passwords used by the Assessor's office, the County Clerk's office, and the County Collector's office have not been changed periodically. In addition, passwords have not been kept confidential. Passwords should be changed periodically and kept confidential to reduce the possibility of unauthorized use.
- D. The county does not have a formal contingency plan for the computer system in case of emergency. As a result, the county has not formally negotiated arrangements for backup facilities in the event of a disaster. The major benefit of thorough contingency planning comes from the ability of the county to recover rapidly from disaster or extraordinary situations that might cause considerable loss or disruption to the county.

Similar conditions were noted in prior audit reports.

**WE AGAIN RECOMMEND:**

- A. The County Clerk maintain her account book with the County Collector and the County Commission use it to verify the County Collector's annual settlement.
- B. The County Commission or County Clerk establish procedures to agree approved addition and abatement orders with related changes made to the property tax data.
- C. The County Commission ensure employee passwords are periodically changed and kept confidential.

- D. The County Commission develop a formal contingency plan including arrangements for use of alternative data processing equipment during emergency situations.

**AUDITEE'S RESPONSE**

- A. *The County Clerk indicated that she would work with the County Collector to establish an account book.*
- B. *The County Commission indicated that they would request that the County Clerk work with the County Collector to establish a plan for reviewing additions and abatements.*
- C. *The County Commission indicated that they will notify the other county officials and recommend that they maintain confidential passwords which are changed periodically.*
- D. *The County Commission indicated that they will look into developing a contingency plan.*

<b>7. County Treasurer's Accounting Controls and Procedures</b>
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- A. The County Treasurer does not adequately follow up on old outstanding checks. At December 31, 2001, the County Treasurer had \$283 in old outstanding checks that were over a year old. There is no documentation that the payees of these checks have been notified and the monies remain in the County Treasurer's bank account. These old outstanding checks create additional and unnecessary record-keeping responsibilities. Procedures should be adopted to routinely follow up on old outstanding checks. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies. In addition, an itemized listing of all outstanding checks should be prepared for the monthly bank reconciliations.
- B. Receipt slips are not issued for some monies received, although receipts are recorded on a receipts log which is used to prepare deposits. For example, various county officials indicated that they do not obtain a receipt slip from the County Treasurer when monthly fees are turned over. As a result, the composition of monies received cannot be reconciled to the amounts deposited. To reduce risk of loss or misuse of county resources, the County Treasurer should record monies and prepare prenumbered receipt slips immediately upon receipt and reconcile the composition of receipts to the amounts deposited.
- C. The County Treasurer did not maintain documentation of the interest allocation to various county funds based on interest earned in the County Revenue bank account. The County Treasurer allocates interest earned on the bank account to the General Revenue Fund, Special Road and Bridge Fund, Assessment Fund, Emergency Management Fund, and the Prosecuting Attorney Bad Check Fund. In addition, the County Treasurer did not allocate interest for any other funds with balances that are

held in the County Revenue bank account, including the county library. Section 110.150.2, RSMo 2000, and the Missouri Attorney General's Opinion No. 126, 1981 to Antonio; No. 108, 1981 to Busker; No. 148, 1980 to Antonio; and No. 40, 1965 to Owensby, provide the interest on school funds, county hospital and hospital district funds, county library funds, county health center funds, special road and bridge funds, and assessment funds, be placed to the credit of those funds, and the interest on all other funds to the credit of the county's General Revenue Fund.

**WE RECOMMEND** the County Treasurer:

- A. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- B. Issue prenumbered receipt slips immediately upon receipt and reconcile the composition of receipts to amounts deposited.
- C. Retain documentation of the interest allocation and allocate interest to the county library in accordance with the state statutes and various Attorney General opinions.

**AUDITEE'S RESPONSE**

- A. *The County Treasurer indicated that he had stopped payment on the old outstanding checks and that they were reissued on June 27, 2002.*
- B. *The County Treasurer indicated that he would check into obtaining a new receipt slip book. He indicated that the prior method used was cost prohibitive and that he would look into a more cost efficient method.*
- C. *The County Treasurer indicated that he will document the interest allocation on the receipt ledger in the future.*

<b>8. Public Administrator's Procedures</b>
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The Public Administrator acts as the court appointed personal representative for wards of the Associate Circuit Division (Probate Court) and is responsible for receiving, disbursing, and accounting for the assets of those individuals. During our review, we noted the Public Administrator did not always file annual settlements by the required due dates. In addition, some of the annual settlements filed were not complete and accurate. For example, we noted some expenditures listed in the check registers were not included in some annual settlements.

The Associate Circuit Division has not established adequate monitoring procedures to ensure that complete and accurate settlements are filed in a timely manner. The court clerk

indicated she periodically reviews files and prints a list of settlements past due; however, there is no documentation of her review and follow up action is not taken.

Section 473.540, RSMo 2000, requires settlements to be filed annually. Timely, accurate, and complete settlements are necessary for the court to properly oversee the administration of these cases. Failure to file settlements on a timely basis for review by the Associate Circuit Division Judge increases the risk that error or misuse of funds could go undetected.

A similar condition was noted in prior audit reports.

**WE RECOMMEND:**

- A. The Public Administrator file complete and accurate annual settlements on a timely basis as required by state law.
- B. The Associate Circuit Division Judge establish procedures to adequately monitor the timely filing of annual settlements.

**AUDITEE'S RESPONSE**

- A. *The Public Administrator indicated that he would work with the Associate Circuit Division Judge to ensure the settlements are filed timely. He stated that he will request the Associate Circuit Division Judge to notify him when the settlements are due. In addition, the Public Administrator stated that he would contact the attorney who prepares the annual settlements and indicate the annual settlements should be prepared based on the check register balance rather than the bank balance.*
- B. *The Associate Circuit Division Judge indicated that his office has developed a new policy of ensuring that the Public Administrator, as well as the guardians and conservators, file annual settlements in the Osage County Circuit Court. He indicated that the Probate Clerk will notify the guardian or conservator 45 days prior to the anniversary date that the annual settlement is due on or before the anniversary date. The Associate Circuit Division Judge also indicated that he would review the annual settlements and approve the status reports. If the documents are not approved, then the case would be set for a "show cause" hearing within 30 days to determine why the guardian or conservator had not adequately complied with the policy. At the hearing the guardian or conservator will be directed to make the particular corrections or additions to the documents or the guardian or conservator will be removed. The Associate Circuit Division Judge indicated that this would be done by September 1, 2002.*

**9.****Sheriff's Accounting Controls and Procedures**

The Sheriff's Department is responsible for collecting gun permit fees, insurance report fees, jail phone commissions, cash bonds, and billings for incarceration costs. Gun permit fees, insurance report fees, and jail phone commissions are deposited to the Sheriff's bank account and remitted to the County Treasurer monthly. Our review of the controls relating to the Sheriff's Department noted the following concerns:

- A. Accounting duties are not adequately segregated. One individual is responsible for receiving, depositing, and disbursing monies, preparing bank reconciliations, and maintaining the accounting records. There is not documentation that an independent review of the accounting records is performed by the Sheriff.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

- B. Receipts are not deposited on a timely basis. Receipts are generally deposited two to four times per month and several of these deposits exceeded \$1,000. During our cash count performed on January 8, 2002, we noted the Sheriff's Department had \$2,191 in receipts collected since January 2, 2002 of which \$1,030 was cash. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.
- C. The Sheriff has not adequately followed up on old outstanding checks. At December 31, 2001, the Sheriff had \$451 in old outstanding checks that were over a year old. In addition, \$355 of these outstanding checks are not identified as to payee and pertain to checks written prior to 1998. There is no documentation that the payees of these checks have been notified and the monies remain in the Sheriff's bank account. These old outstanding checks create additional and unnecessary record-keeping responsibilities. Procedures should be adopted to routinely follow up on old outstanding checks. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies.
- D. At December 31, 2001, the Sheriff's bank account had a negative balance of \$600. This occurred due to the Sheriff making a duplicate disbursement of bond monies received. Bond monies were inadvertently disbursed twice to the applicable courts. The courts subsequently disbursed these monies to the defendant resulting in \$600 being due from the defendant to the Sheriff's office. This error was made in October 2001 and identified during that month's reconciliation process. However, the overpayment to the defendant still has not been collected from the defendant. The

- Sheriff should pursue the reimbursement of the bond monies.
- E. Adequate control over seized property has not been established. A complete log of seized property is not maintained and periodic inventories of the property on hand are not conducted.

Considering the often sensitive nature of the seized property, adequate internal controls are essential and would significantly reduce the risk of theft or misuse of the stored items. An inventory control record should include information such as description, persons involved, current location, case number, and disposition of such property. Officers should be required to sign the inventory record each time evidence is removed from the room. In addition, periodic physical inventories should be performed and the results compared to the inventory records to ensure that seized property is accounted for properly.

**WE RECOMMEND** the Sheriff:

- A. Adequately segregate accounting duties or ensure periodic supervisory review are performed and documented.
- B. Deposit receipts daily or when accumulated receipts exceed \$100.
- C. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.
- D. Pursue the collection of the bond monies from the defendant.
- E. Maintain an inventory record of all seized property received including information such as description, current location, case number and disposition of such property. An inventory of all items on hand should be performed to ensure that items are properly identified, tagged, and logged.

**AUDITEE'S RESPONSE**

- A. *The Sheriff indicated that he will start performing an independent review immediately.*
- B. *The Sheriff indicated that he will discuss with the bookkeeper that deposits need to be made daily.*
- C. *The Sheriff indicated that he and the bookkeeper will work on this within the next week or two to get the outstanding checks resolved.*
- D. *The Sheriff indicated that he will discuss this with the court and pursue accordingly. The Sheriff's office has contacted the defendant regarding this matter but the defendant has not paid these monies back to the Sheriff.*

- E. *The Sheriff indicated that an evidence seized property sheet is maintained and placed in the individual's case file and feels these records are adequate. The Sheriff indicated he would start an inventory record which would include all seized property.*

<b>10. County Collector's Accounting Controls and Procedures</b>
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The County Collector does not adequately follow up on old outstanding checks. At December 31, 2001, the County Collector had \$115 in old outstanding checks that were over a year old. Several of these outstanding checks date back to 1992. There is no documentation that the payees of these checks have been notified and the monies remain in the County Collector's bank account. In addition, at December 31, 2001, the County Collector held \$52 in partial payments that were received prior to 1994. A ledger is maintained documenting the dates and amounts of the partial payments received and a cumulative total of the amounts collected, and the corresponding amounts still due. The taxes for which these partial payments were received are no longer on the County Collector's records as the taxes have either been paid or abated. These old outstanding checks and partial payments create additional and unnecessary record-keeping responsibilities. Procedures should be adopted to routinely follow up on old outstanding checks and partial payments. In addition, if the monies from the partial payments can not be applied to taxes, the monies should be returned to the payees. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies.

**WE RECOMMEND** the County Collector attempt to resolve the old outstanding checks and partial payments and establish routine procedures to investigate checks outstanding and partial payments retained in the bank account for a considerable time.

**AUDITEE'S RESPONSE**

*The County Collector indicated that she had notified the payees of the checks in 1999 and she did not receive any responses from the payees. In addition, the County Collector indicated that she would contact the State Treasurer's Office in order to determine the proper method of disbursement for the outstanding checks. She stated that she would disburse the checks in an appropriate manner within one month. The County Collector also stated that she anticipates applying the \$50 partial payment to the 2002 tax bill since the individual has moved back into the county and she will disburse the remaining \$2 similar to the outstanding checks.*

<b>11. Prosecuting Attorney's Accounting Controls and Procedures</b>
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The Prosecuting Attorney collects administrative fees and restitution on bad checks totaling approximately \$76,000 a year. Administrative fees are remitted to the County Treasurer monthly. Our review of the controls relating to the Prosecuting Attorney noted the following concerns:

- A. Accounting duties are not adequately segregated. One individual is responsible for receiving, depositing, and disbursing monies, preparing bank reconciliations, and maintaining the accounting records. There is no documentation that an independent review of the accounting records is performed by the Prosecuting Attorney.

Proper segregation of duties helps ensure all transactions are accounted for properly and assets are adequately safeguarded. Internal controls would be improved by segregating duties of receiving and depositing monies from recording and reconciling receipts. If proper segregation of duties cannot be achieved, at a minimum, a periodic supervisory review of the records should be performed and documented.

- B. Receipts are not deposited on a timely basis. Receipts are generally deposited one to two times per week and several of these deposits exceeded \$2,000. To adequately safeguard receipts and reduce the risk of loss, theft, or misuse of funds, receipts should be deposited daily or when accumulated receipts exceed \$100.
- C. Receipt slips are not always issued as monies are received, but are often prepared at a later date. During our review of the Prosecuting Attorney's records, we noted four instances in which the receipt slips were prepared on or after the date the monies were deposited since the dates on the receipt slips were not in sequence. To reduce the risk of loss or misuse of funds, the Prosecuting Attorney should issue prenumbered receipt slips immediately upon receipt.
- D. The Prosecuting Attorney has not adequately followed up on old outstanding checks. At December 31, 2001, the Prosecuting Attorney had \$528 in old outstanding checks that were over a year old. There is no documentation that the payees of these checks have been notified and the monies remain in the Prosecuting Attorney's bank account. These old outstanding checks create additional and unnecessary record-keeping responsibilities. Procedures should be adopted to routinely follow up on old outstanding checks. If the payees cannot be located, various statutory provisions provide for the disposition of unclaimed monies.

**WE RECOMMEND** the Prosecuting Attorney:

- A. Adequately segregate accounting duties or ensure periodic supervisory review are performed and documented.

- B. Deposit receipts daily or when accumulated receipts exceed \$100.
- C. Issue prenumbered receipt slips immediately upon receipt.
- D. Attempt to resolve the old outstanding checks and establish routine procedures to investigate checks outstanding for a considerable time.

**AUDITEE'S RESPONSE**

- A. *The Prosecuting Attorney indicated that she currently reviews and approves the monthly reports and bank reconciliations.*
- B. *The Prosecuting Attorney stated that the clerk is now making deposits every 1-2 days.*
- C. *The Prosecuting Attorney stated that the clerk now issues receipt slips immediately upon receipt.*
- D. *The Prosecuting Attorney indicated that she has had her clerk prepare letters to send in order to follow-up on the old outstanding checks. She stated that she will stop payment on the misplaced checks and reissue them, if necessary. If the individual can not be located, she stated that she will disburse the outstanding checks in accordance with state law.*

This report is intended for the information of the management of Osage County, Missouri, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

## Follow-Up on Prior Audit Findings

## OSAGE COUNTY, MISSOURI FOLLOW-UP ON PRIOR AUDIT FINDINGS

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by Osage County, Missouri, on findings in the Management Advisory Report (MAR) of our audit report issued for the two years ended December 31, 1997.

The prior recommendations which have not been implemented, but are considered significant, are repeated in the current MAR. Although the remaining unimplemented recommendations are not repeated, the county should consider implementing those recommendations. Finding number 1.A.2. is omitted since the related follow-up appears in an earlier section of this report.

### 1. Federal Financial Assistance

- A.1. The county did not have documentations regarding the considerations of at least three engineering firms for the Lin Creek Bridge Project BRO 076(6).
- B. The Sheriff received reimbursement of \$861 in 1996 for uniform items and a global positioning system through the Domestic Cannabis Eradication/Suppression Program and the Sheriff's Department did not maintain copies of the original invoices.
- C. The county's Schedule of Federal Financial Assistance contained numerous errors and omissions.

#### Recommendation:

- A.1. The County Commission solicit and review documentation of qualifications and performance data on at least three engineering firms for any capital improvement project. The County Commissions should contact the grantor agency to resolve the questioned costs.
- B. The Sheriff maintain copies of original invoices of equipment acquired through the Missouri Sheriff's Association or other federal programs.
- C. The County Clerk ensure all federal financial expenditure amounts are properly recorded on the Schedule of Federal Financial Assistance.

#### Status:

- A.1. Partially Implemented. The county solicited and reviewed documentation of three engineering firms for the BRO project 076(8) which took place during the current audit period. However, the county has not contacted the grantor agency to resolve the prior questioned costs. Although not repeated in the current report our recommendation remains as stated above.

- B. The Sheriff did not receive any reimbursements for items purchased with federal funds during our audit period. Although not repeated in the current MAR, our recommendation remains as stated above.
- C. Partially Implemented. The Schedule of Expenditures of Federal Awards prepared by the County Clerk was materially complete. There were a few federal expenditure amounts which were not recorded on the Schedule of Expenditures of Federal Awards; however, these amounts were not material to the total expenditures. Although not repeated in the current report, our recommendation remains as stated above.

2. Written Agreements

- A. The county entered into various agreements without written contracts.
- B. The county contracted with the elected County Surveyor to provide map maintenance services for a monthly fee. In addition, the county did not follow formal procedures to obtain or evaluate proposals from other qualified land surveyors.

Recommendation:

The County Commission:

- A. Ensure that all agreements entered into by the county are in writing and state the specific consideration to be provided by each party.
- B. Institute a formal selection procedure to obtain land survey services from qualified firms or individuals at the most favorable cost to the county. The County Commission should consult with the Prosecuting Attorney regarding any conflict of interest and the steps necessary to mitigate the conflict of interest. In addition, acknowledgement of the receipt of services should be documented on the invoices by the Assessor.

Status:

- A. Not Implemented. The new 911 Center now has control over dispatching services. However, the county has not yet entered into contracts with the area municipalities or ambulance districts. The 911 Coordinator indicated that she plans to obtain written agreements with the area ambulance districts and municipalities. In addition, the Sheriff's department still does not have a contract with area businesses to respond to burglar alarms. Although not repeated in our current MAR, our recommendation remains as stated above.
- B. Implemented.

3. Budgetary Practices and Financial Statements

- A. Formal budgets were not prepared for various county funds.
- B. The county's annual published financial statements did not include the financial activity of some funds.

Recommendation:

The County Commission:

- A. Ensure budgets for all county funds are obtained or prepared.
- B. Ensure all county funds are included in the annual published financial statements.

Status:

Not Implemented. See MAR No. 1.

4. Sales Tax

See our audit report on Osage County, Missouri, for the two years ended December 31, 1999 (report number 2000-121).

5. Property Tax System and Computer Controls

- A. The County Clerk did not maintain a complete account book with the County Collector.
- B. Passwords were not changed periodically and were not kept confidential.
- C. The county did not have a formal contingency plan for the computer system. As a result, the county did not have formal arrangements for the use of backup facilities in the event of a disaster.

Recommendation:

- A. The County Clerk maintain a complete account book with the County Collector. In addition, the County Commission should consider using the account book to verify the County Collector's annual settlements.
- B. The County Commission ensure employee passwords are periodically changed and remain confidential.

- C. The County Commission develop a formal contingency plan for the county's computer system.

Status:

Not Implemented. See MAR No. 6.

6. Personnel Policies and Procedures

- A. Time records prepared by the Sheriff's deputies were not submitted to the County Clerk.
- B. Records of annual leave, sick leave, and compensatory time balances were not centrally maintained.
- C. One county employee held three positions which were paid from various funds but time records did not indicate the hours worked for each position.

Recommendation:

- A. The County Commission require the Sheriff's deputies to submit time records approved by their supervisor to the County Clerk.
- B. The County Clerk maintain centralized leave records for all county employees.
- C. The County Commission require the employee to report actual time worked for each position on the monthly time sheet to support payroll disbursements from the funds.

Status:

A&B. Not Implemented. See MAR No. 5.

- C. Implemented.

7. General Fixed Asset Records and Procedures

- A. Additions to fixed assets were not recorded when additions were purchased.
- B. The county had no formal procedures for disposing of county owned property.
- C. Some fixed assets were not properly numbered, tagged, or otherwise identified as county owned property.

- D. Some necessary information was not recorded on the fixed asset records.

Recommendation:

The County Clerk:

- A. Maintain the general fixed asset records on a current basis by recording all additions as they occur. Additions should be periodically reconciled to disbursements.
- B. And the County Commission establish a formal method of disposing of general fixed assets. Written authorization for all property dispositions should be obtained.
- C. Properly number or tag all fixed asset items.
- D. Maintain fixed asset records with a detailed description of each item to include acquisition/disposition dates, make, model, serial number, cost, property tag numbers, and method of disposition.

Status:

A,B&

- D. Not Implemented. See MAR No. 4.
- C. Implemented.

8. Assessor's Office Accounting Controls and Procedures

- A. Accounting and bookkeeping duties for the Assessor's office were not adequately segregated.
- B. Checks were not restrictively endorsed until after they were transmitted to the County Treasurer.
- C. Records were not maintained indicating the number of maps used by the county or given away.
- D. Prenumbered receipt slips were not always issued for monies received and copies of the receipt slips were not always retained.

Recommendation:

The Assessor:

- A. Segregate duties among available employees and/or establish a documented periodic review of the accounting records by an independent person.
- B. Restrictively endorse checks immediately upon receipt.
- C. Maintain records of the number of maps sold, given away, or used by the county, and periodically reconcile the number of maps reported on the inventory to the amount of mapping paper on hand.
- D. Ensure receipt slip numbers are only used once and a copy of every receipt is retained.

Status:

A,B,  
& D. Implemented.

C. Not Implemented. Although not repeated in the current MAR, our recommendation remains as stated above.

9. Former Public Administrator

Annual settlements were not filed in a timely manner.

Recommendation:

The Associate Circuit Division Judge establish procedures to adequately monitor the timely filing of annual settlements.

Status:

Not Implemented. See MAR No. 8.

10. Circuit Clerk and Ex Officio Recorder of Deeds' Accounting Controls and Procedures

- A. Accounting and bookkeeping duties were not adequately segregated.
- B. The Circuit Clerk's open items listing indicated an unidentified cash balance of \$4,976.

Recommendation:

The Circuit Clerk and Ex Officio Recorder of Deeds:

- A. Segregate accounting and bookkeeping duties among available employees and/or establish a documented periodic review of the accounting records.
- B. Transfer the open items balance in the old account to the new account. Any unidentified excess should be disposed of in accordance with state law.

Status:

Implemented.

11. Associate and Probate Divisions' Accounting Controls and Procedures

- A. Accounting and bookkeeping duties for the Associate and Probate Divisions were not adequately segregated.
- B. The method of payment was not always indicated on the receipt slips when monies were received and, therefore, the composition of monies was not reconciled to the composition of monies deposited.

Recommendation:

The Associate Circuit Division Judge:

- A. Adequately segregate accounting and bookkeeping duties among available employees in the Associate and Probate Divisions and/or establish a documented periodic review of accounting records by an independent person.
- B. Indicate the method of payment on receipt slips and reconcile the composition of receipt slips to the composition of monies deposited.

Status:

- A. Not Implemented. Although not repeated in the current MAR, our recommendation remains as stated above.
- B. Implemented.

## STATISTICAL SECTION

History, Organization, and  
Statistical Information

OSAGE COUNTY, MISSOURI  
HISTORY, ORGANIZATION,  
AND STATISTICAL INFORMATION

Organized in 1841, the county of Osage was named after the Osage River. Osage County is a county-organized, third-class county and is part of the Twentieth Judicial Circuit. The county seat is Linn.

Osage County's government is composed of a three-member county commission and separate elected officials performing various tasks. The county commission has mainly administrative duties in setting tax levies, appropriating county funds, appointing board members and trustees of special services, accounting for county property, maintaining county roads and bridges, and performing miscellaneous duties not handled by other county officials.

Principal functions of these other officials relate to judicial courts, law enforcement, property assessment, property tax collections, conduct of elections, and maintenance of financial and other records of importance to the county's citizens.

Counties typically spend a large portion of their receipts to support general county operations and to build and maintain roads and bridges. The following chart shows from where Osage County received its money in 2001 and 2000 to support the county General Revenue and Special Road and Bridge Funds:

SOURCE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
Property taxes	\$ 423,291	21	399,800	21
Sales taxes	406,099	20	410,111	22
Federal and state aid	867,035	44	728,865	39
Fees, interest, and other	305,176	15	349,644	18
Total	\$ 2,001,601	100	1,888,420	100

The following chart shows how Osage County spent monies in 2001 and 2000 from the General Revenue and Special Road and Bridge Funds:

USE	2001		2000	
	AMOUNT	% OF TOTAL	AMOUNT	% OF TOTAL
General county government	\$ 516,220	26	466,320	23
Public safety	490,185	24	467,954	24
Highways and roads	1,020,719	50	1,047,283	53
Total	\$ 2,027,124	100	1,981,557	100

The county maintains approximately 17 county bridges and 428 miles of county roads.

The county's population was 10,944 in 1970 and 13,062 in 2000. The following chart shows the county's change in assessed valuation since 1970:

		Year Ended December 31,				
		2001	2000	1985*	1980**	1970**
		(in millions)				
Real estate	\$	77.0	74.4	40.2	16.9	11.5
Personal property		31.7	29.6	9.8	8.2	4.9
Railroad and utilities		30.2	27.0	20.4	13.1	7.4
Total	\$	138.9	131.0	70.4	38.2	23.8

\* First year of statewide reassessment.

\*\* Prior to 1985, separate assessments were made for merchants' and manufacturers' property. These amounts are included in real estate.

Osage County's property tax rates per \$100 of assessed valuations were as follows:

		Year Ended December 31,	
		2001	2000
General Revenue Fund	\$	.1732	.1301
Special Road and Bridge Fund*		.2056	.2000
Special Services Fund		.1000	.1000

\* The county retains all tax proceeds from areas not within road districts. The county has six road districts that receives four-fifths of the tax collections from property within these districts, and the Special Road and Bridge Fund retains one-fifth. The road districts also have an additional levy approved by the voters.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on September 1 and payable by December 31. Taxes paid after December 31 are subject to penalties. The county bills and collects property taxes for itself and most other local governments. Taxes collected were distributed as follows:

		Year Ended February 28,	
		2002	2001
State of Missouri	\$	41,827	39,218
General Revenue Fund		251,025	184,407
Road Funds		306,937	283,598
Assessment Fund		62,140	58,426
Osage County Special Services Fund		135,910	127,294
School districts		4,394,168	4,149,074
Library district		235,248	220,821
Ambulance districts		339,018	315,482
Fire protection district		42,079	23,077
Lake Drainage		1,892	1,910
Licenses		1,590	1,590
A-1 Levee District		13,060	11,186
Surplus from Tax Sales		220	0
Cities		242,884	256,950
County Employees' Retirement		25,795	26,618
Commissions and fees:			
General Revenue Fund		90,489	85,826
Collector Fund		1,916	2,030
Total	\$	<u>6,186,198</u>	<u>5,787,507</u>

Percentages of current taxes collected were as follows:

		Year Ended February 28,	
		2002	2001
Real estate		96.2 %	96.7 %
Personal property		91.2	89.7
Railroad and utilities		100.0	100.0

Osage County also has the following sales taxes; rates are per \$1 of retail sales:

		Rate	Expiration Date	Required Property Tax Reduction
General	\$	.0050	None	50
Law Enforcement - 911*		.0050	2011	None

\* Sales tax was effective starting April 2001

The elected officials and their compensation paid for the year ended December 31 (except as noted) are indicated below.

Officeholder	2002	2001	2000
County-Paid Officials:			
Elmer Senevey, Presiding Commissioner	\$	23,569	23,569
Jerry G. Wolfe, Associate Commissioner		21,568	
Daryl L. Luecke, Associate Commissioner		21,568	21,568
Marvin D. Owens, Associate Commissioner			21,568
Wanda J. Bunch, County Clerk		32,680	32,680
Robert D. Schollmeyer, Prosecuting Attorney		38,700	38,700
Carl Fowler, Sheriff		36,120	35,000
Ralph Brandt, County Treasurer		24,183	24,183
Lois Jaegers, County Coroner		9,460	6,000
Paul G. Stratman, Public Administrator		12,900	6,396
Doris J. Keilholz, County Collector, year ended February 28 (29),	32,680	32,680	
Ross Seals, County Assessor (1), year ended August 31,		38,000	32,400
Ralph P. Kliethermes, County Surveyor (2)		0	0

(1) Includes \$900 annual compensation received from the state.

(2) Compensation on a fee basis.

State-Paid Officials:

Charlene J. Eisterhold, Circuit Clerk and Ex Officio Recorder of Deeds	47,300	46,127
Ralph F. Voss, Associate Circuit Judge	96,000	97,382

A breakdown of employees (excluding the elected officials) by office at December 31, 2001, is as follows:

Office	Number of Employees Paid by	
	County	State
Circuit Clerk and Ex Officio Recorder of Deeds*	1	1
County Clerk	1	0
Prosecuting Attorney*	2	0
Sheriff**	12	0
County Collector	1	0
County Assessor	2	0
Associate/Probate Division*	0	2
Road and Bridge	12	0
911	1	0
Total	<u>32</u>	<u>3</u>

\* Includes one part-time employee.

\*\* Includes two part-time employees.

In addition, the county pays a proportionate share of the salaries of other circuit court-appointed employees. Osage County's share of the Twentieth Judicial Circuit's expenses is 10.69 percent.